

Message Text

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ORIGIN EB-06

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DRAFTED BY EB/AN:MHSTYLES:TP

APPROVED BY EB/AN:MHSTYLES

ARA/EP - MR. CLARKE

ARA/EP - MR. PRINGLE

CAB - MR. LITTON (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY QUITO IMMEDIATE

C O N F I D E N T I A L STATE 235523

E.O11652: GDS

TAGS: EAIR, EC

SUBJECT: CIVAIR CONSULTATIONS

REF: QUITO 7025

1. WE APPRECIATE AND COMMEND EMBASSY'S THOUGHTFUL ANALYSIS AND RECOMMENDATIONS. WHEN BRANIFF REPORTS OF ECUADOR TAKING SIMILAR ACTIONS TO RESTRICT OTHER AIRLINES ARE ADDED TO PICTURE, IT APPEARS WE MAY IN FACT BE FACING A POSSIBLY LONG TERM PROBLEM, RATHER THAN A TEMPORARY ABERRATION IN ECUADOR'S AVIATION POLICY. IN ANY EVENT, WE AGREE THAT APPROACHES TO MILITARY GENERALS BASED ON ASSUMPTION WE MAY BE ABLE TO TURN THEM AROUND BY PERSUASION ARE UNREALISTIC.

2. BASIC POSTURE WE SHOULD TAKE IS TO PLACE OURSELVES IN AS ADVANTAGEOUS A BARGAINING POSITION AS POSSIBLE BEFORE CONSULTATIONS. UNFORTUNATELY, THERE ARE PROCEDURAL IMPEDIMENTS WHICH FORECLOSE SOME OF THE ACTIONS WE MIGHT CONSIDER TAKING. FOR EXAMPLE, FURTHER QUESTIONING
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WHETHER ECUATORIANA'S IS OPERATING TO MIAMI LEGALLY COULD

SOONER OR LATER PLACE US IN POSITION OF HAVING TO TAKE LEGAL STEPS TO STOP ALL ECUATORIANA'S SERVICES. ONCE SUCH A STEP IS TAKEN, IT IS IRREVERSIBLE AND IT WOULD, OF COURSE, BE AN OVERKILL. THEREFORE, ALTHOUGH CAB MAY NOT EXPEDITE ISSUANCE OF NEW PERMIT FOR ECUATORIANA, WE DO NOT BELIEVE IT SHOULD STOP PROCESSING THE CASE. SINCE

PERMIT REQUIRES PRESIDENTIAL APPROVAL, DEPARTMENT HAS OPPORTUNITY HOLD UP FINAL ACTION IF THIS SEEMS DESIRABLE AT THAT TIME.

3. UNDER PART 213 OF CAB REGULATIONS, BOARD MAY ISSUE AN ORDER REQUIRING A FOREIGN AIRLINE TO FILE SCHEDULES FOR APPROVAL OR DISAPPROVAL WHEN IT FINDS THAT, OVER OBJECTIONS OF USG, GOVERNMENT OF THAT AIRLINE HAS TAKEN ACTION WHICH DENIES OR IMPAIRS US RIGHTS PROVIDED IN AIR TRANSPORT AGREEMENT. EXISTING SCHEDULES MUST THEN BE FILED WITHIN 7 DAYS AND ANY PROPOSED SCHEDULE 30 DAYS BEFORE ITS EFFECTIVE DATES. IF BOARD TAKES NO ACTION ON EXISTING OR PROPOSED SCHEDULES, THEY MAY BE OPERATED, BUT BOARD MAY ALSO ISSUE ORDER SUBJECT TO VETO BY PRESIDENT, DISAPPROVING EXISTING OR PROPOSED SCHEDULES IN WHOLE OR IN PART. IF ORDER PERTAINS TO EXISTING SCHEDULE, IT MUST BE SUSPENDED WITHIN 30 DAYS OF ORDER; IF IT PERTAINS TO PROPOSED SCHEDULE, SUCH SCHEDULE MAY NOT BE OPERATED.

4. WE HAVE CLASSIC CASE WHERE ECUADOR HAS, OVER USG OBJECTION, DENIED US RIGHTS. CAB STAFF IS PREPARING ORDER REQUIRING THAT ECUATORIANA FILE SCHEDULES, AND OBJECTIVE IS TO ISSUE ORDER BEFORE NOVEMBER 9 WHEN ECUATORIANA WANTS INCREASE TO DAILY SERVICE. SINCE THIS INCREASE WILL THEN BE A "PROPOSED" SCHEDULE, WE HAVE TWO CHOICES. ONE IS TO REQUIRE THAT ECUATORIANA WAIT THE FULL 30 DAYS, WHICH WOULD GIVE US A CARD TO PLAY IN CONSULTATIONS. SECOND IS TO ALLOW ECUATORIANA TO OPERATE DAILY SERVICE AS OF NOVEMBER 9, BUT TELL AIRLINE OR GOE IN SOME MANNER THAT THIS CONCESSION GRANTED ONLY PENDING RESULTS CONSULTATIONS.

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5. DECISION ON WHICH ALTERNATIVE TO FOLLOW NEED NOT BE MADE UNTIL EARLY NOVEMBER. WE WOULD APPRECIATE EMBASSY'S VIEWS.

6. IN MEANTIME, ASSUMING GOE CONFIRMS INFORMAL ADVICE THAT IT "ACCEPTS" USG OFFER TO CONSULT, WE BELIEVE EMBASSY SHOULD AT THAT TIME RESPOND IMMEDIATELY THAT USG REGRETS THAT ECUADOR HAS FAILED TO COMPLY WITH THE

BILATERAL AGREEMENT AND THAT SUCH FAILURE FORCES USG TO CONSIDER WHAT ACTIONS IT MAY HAVE TO TAKE TO PROTECT ITS INTERESTS. BASIS ON WHICH US SUGGESTED CONSULTATIONS TAKE PLACE NO LONGER EXISTS SINCE GOE HAS ACTED UNILATERALLY, WHEREAS AGREEMENT PROVIDES FOR BILATERAL REVIEW IN EVENT ONE COUNTRY BELIEVES AIRLINE OF OTHER COUNTRY HAS BEEN OPERATING CAPACITY INCONSISTENT WITH AGREEMENT. NEVERTHELESS, SINCE US CIVAIR DELEGATION

WILL BE IN AREA IN ANY EVENT, US AGREES THAT CONSULTATIONS SHOULD TAKE PLACE TO DISCUSS ISSUES INVOLVED.

7. AS PREVIOUSLY INDICATED, WE WOULD WANT CONSULTATIONS DURING WEEK OF NOVEMBER 18, WITH STARTING DAY DURING WEEK LEFT OPEN FOR TIME BEING. WE NEED TO PIN THIS DOWN ASAP. SUGGEST EMBASSY MAKE HOTEL RESERVATIONS NOVEMBER 16-23 FOR MICHAEL H. STYLES, CHIEF, EB/AN (CHAIRMAN); DONALD L. LITTON, CHIEF, WESTERN HEMISPHERE, BUREAU INTERNATIONAL AFFAIRS, CAB; AND MISS LISA RAY, AIR TRANSPORT ASSOCIATION (OBSERVER). STYLES AND LITTON NEED SINGLES, RAY WILL WANT SINGLE WITH SEPARATE ROOM SUITABLE FOR MEETINGS. INGERSOLL

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